

Memorandum of Conversation

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DATE: June 4, 1971  
OLC 71-0527

SUBJECT: UNRWA and Middle East Problems

PARTICIPANTS: Sir John Rennie, Commissioner-General of UNRWA  
Jan Van Wijk, UNRWA Representative in New York  
Mr. Joseph J. Sisco, Assistant Secretary, NEA  
Mr. Ernest Thomas Greene, IO/UNP  
Mr. Thomas Carolan (en route to Embassy Beirut)  
Theodore A. Wahl, NEA/IAI

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Political Problems Involving UNRWA

Noting that UNRWA has had to contend with difficult political conditions in the area as well as the fedayeen problem in the camps, Sisco asked how these issues stood. Rennie responded that the fedayeen problem is less serious than a year ago. The general atmosphere is more relaxed in Syria, but there are continuing difficulties in Lebanon. The Lebanese Government is anxious not to touch off an explosion of any kind. It has not reestablished control over the camps, and UNRWA has been pressing hard but without success to recover the few buildings taken over by fedayeen.

2) Sisco expressed concern about fundamental problems in Lebanon, observing that during the Secretary's recent trip to the Middle East the unrealism of the Lebanese Government was disturbing. We tried to point out to the Lebanese that the fedayeen problem will not just go away as they seem to hope. The Lebanese appear to have no idea how to deal with the problem; Sisco found this attitude of unrealism one of the most discouraging aspects of his trip.

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2

Rennie agreed that the Lebanese had not grasped the nettle, but the new government was providing stronger leadership and had a firmer policy than the previous Helou regime. He said a severe cut in UNRWA's education program could cause serious repercussions in Lebanon and Jordan. It could bring resurgence of fedayeen activity and cause problems with the entire refugee population.

Sisco turned to the situation in Jordan and said he and the Secretary's party had found a remarkable sense of confidence there. In September 1970 Jordan had successfully met its most severe test since 1967 and had gained new confidence in both civilian and military fields. Lack of progress toward a political solution would, however, affect the fedayeen problem, and the Jordanian Government must still face up to the problems caused by serious cutbacks in UNRWA services. Nevertheless, Sisco said, he is confident that the Jordanian leadership can cope with this situation, and has much more confidence regarding Jordan's ability to handle it than Lebanon's.

Rennie agreed that there had been an extraordinary change in Jordan, and the government now had effective control over the internal situation. There is also a remarkable change visible in the resettlement of the Ghor valley. However, the government is worried about finances. Van Wijk interjected that the GOJ had made clear that it did not want to be faced with additional complications caused by reductions in UNRWA's services. Sisco said he could understand Jordan's viewpoint but noted that we had provided very generous financial aid to Jordan. Our approach is to hope for the best but plan for the worst.

On the situation in the Middle East, Sisco said there had been considerable progress during the past year and a resulting improvement in the climate. He said he does not take the gloom and doom view and sees the prospects for an interim Suez agreement unchanged by the Soviet-Egyptian treaty. All of the parties involved continue to have the reasons they had before for wanting the canal reopened. Furthermore, we will soon begin the 11th month of the ceasefire. He added that UNRWA has an important role, of a continuing character, in helping maintain a relatively positive atmosphere in the Middle East.

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3

UNRWA's Financial Problems

Rennie noted that UNRWA's budget deficit for CY 1971 had been reduced to less than \$1 million (assuming education subsidies are not paid). This includes, however, an anticipated one-time WFP contribution of \$1.3 million. He said UNRWA will now get by in 1971; the more serious problem is the much larger deficit in prospect for 1972. An additional cause for concern is the higher US price for flour which by increasing food rations costs will add \$1.1 million to the deficit; this amount will be felt more severely next year in the absence of the WFP contribution. He said he hoped the UN Working Group in New York would submit a good, sober report on UNRWA finances. Answering a question, he said if the deficit is on the order of \$4 to 5 million, UNRWA must make a severe cut, and the education program would be the only place this could be done.

Sisco said it was not clear how UNRWA's financial problem could be resolved. He was convinced that the idea of an increase in the US contribution was unfortunately not feasible. He referred to the active role of Nuri Eren, Chairman of the UN Working Group, and commented that there ought to be ways for the host governments to develop programs on which they could base direct requests to a number of agencies for assistance. He noted the difficulties stemming from the agencies' reluctance to dip into their own funds as well as the problems caused by setting up special funds within the agencies. This means moving funds from one pot to another with the basic problem continuing to be one of limited total resources available. The U.S. has reservations about such a proliferation of special funds within special funds. Sisco concluded that he wished to review personally the question of pricing US-supplied flour as a possible means of helping the situation.

Nuri Eren has been imaginative and vigorous in seeking new funds for UNRWA, Sisco continued, but we have reservations about his proposal for specific assessments and regional quotas. Sisco asked Rennie to convey this to Eren and added that Eren would probably want to discuss it with him directly. It should be made clear to Eren that setting such quotas would inject a new element of politics into the already heated annual Special Political Committee debate.

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4

Rennie said he doubted that the host governments would initiate projects that could take the weight off UNRWA. He noted that in his meeting earlier in the day with the Near East Subcommittee of the House Foreign Affairs Committee, interest had been expressed by Congressman Fulton and others in new money for vocational training. The Congressmen had also brought up the question of fedayeen activity in the camps, and Rennie had explained that the aid provided through UNRWA is not used for unauthorized purposes. He had also pointed out that only 40% of UNRWA-assisted refugees live in camps. Sisco noted that some Congressmen ask how long the US must continue contributing to UNRWA, but there is a general realization of the important element of stability provided by UNRWA. Many Congressmen see other alternatives as worse. No one wants an explosion in the area.

Clearance:

IO/UNP - Mr. <sup>W</sup>Greene (in draft)

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